

## **Video Franchise Reform: Customers are Waiting**

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### **Competition's Ready...Waiting**

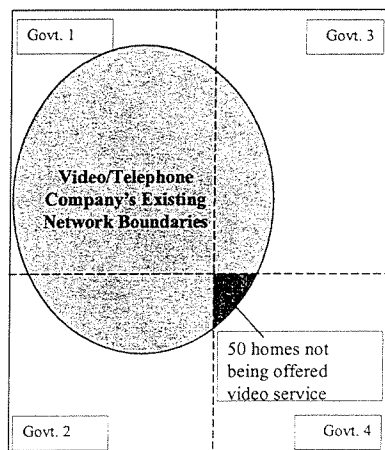
- 6 TAM companies providing video services
- Another 9 TAM companies could offer video services by end of 2007
- Most competitive franchise holders said negotiation process was “difficult” or “very difficult”
- The existing system is too burdensome—even companies that have secured franchises support a statewide system

## Local Government: Open for Business?

- A company doesn't offer video to some existing telco customers because the local government imposed excessive annual costs beyond franchise taxes
- A company was asked to pay \$10,000 each for identical franchise agreements drafted by the same law firm (eventually agreed on \$1,500 for 2<sup>nd</sup> agreement)
- A company's not providing video service in all franchised areas due to cost of complying with different requirements
- A company waited 3 years to get franchise
  - citizens formed group to pressure local government



## Customers Left Out



- Telephone networks don't conform to government boundaries
- "Govt. 4" imposed extra costs (in addition to franchise taxes)
- Resulting cost was too high for competitive provider to offer video service to existing telephone customers

## METRO Act Model

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- Statewide rights-of-way permits supported by local governments—METRO Act.
- If negotiating local franchise agreements is simple, why not emulate METRO Act by creating a statewide video permit/franchise?

## Customers Are Waiting

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- Competitive video providers continue to have problems with current system
  - increases costs
  - delays introduction of services
- Michigan telecom companies can offer competitive choices—why keep customers waiting?